



General Assembly

**Bill No. 2051**

September 8 Special  
Session, 2003

LCO No. 8154

Referred to Committee on No Committee

Introduced by:

SEN. SULLIVAN, 5<sup>th</sup> Dist.

REP. LYONS, 146<sup>th</sup> Dist.

**AN ACT CONCERNING ECONOMIC RECOVERY NOTES AND  
REVISIONS TO THE RATE REDUCTION BOND PROVISIONS OF THE  
BUDGET IMPLEMENTATION ACT AND OTHER PROVISIONS TO  
IMPLEMENT THE BUDGET.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. (*Effective from passage*) (a) For purposes of funding (1) the  
2       deficit in the General Fund arising from the operations of the General  
3       Fund for the fiscal year ending June 30, 2003, as reported by the  
4       Comptroller to the Governor in accordance with section 3-115 of the  
5       general statutes, and (2) the amount of funding required to pay any  
6       remaining retrospective reimbursements billed by hospitals for  
7       inpatient and outpatient services or other providers of medical services  
8       for services rendered to recipients of medical assistance in the State  
9       Administered General Assistance and General Assistance programs  
10      prior to the conversion of such program pursuant to section 43 of  
11      Public Act 03-3 of the June 30 special session, the Treasurer is  
12      authorized to issue notes of the state in an amount not to exceed the  
13      amount of such deficit and retrospective reimbursements, and such

14 additional amounts as may be required in connection with the costs of  
15 issuance of such notes, and to deposit the proceeds thereof in the  
16 General Fund.

17 (b) (1) The Comptroller is hereby authorized and directed to certify  
18 to the Treasurer the amount of such deficit and the amount so certified  
19 shall be conclusive evidence for the purpose of determining at the time  
20 of issuance the amount of obligations which the Treasurer shall issue  
21 pursuant to this section. (2) The Secretary of the Office of Policy and  
22 Management is hereby authorized and directed to certify to the State  
23 Treasurer the estimate of the amount of funding required to pay any  
24 remaining retrospective reimbursements billed by hospitals for  
25 inpatient and outpatient services or other providers of medical services  
26 for services rendered to recipients of medical assistance in the State  
27 Administered General Assistance and General Assistance programs  
28 prior to the conversion of such program pursuant to section 43 of  
29 Public Act 03-3 of the June 30 special session and the amount so  
30 certified shall be conclusive evidence for the purpose of determining at  
31 the time of issuance the amount of obligations which the Treasurer  
32 shall issue pursuant to this section.

33 (c) The notes shall be designated economic recovery notes and shall  
34 be issued on or after the effective date of this section, whenever the  
35 Treasurer determines that the cash requirements of the General Fund  
36 must be met by such borrowing and shall be scheduled so as to  
37 minimize the need for additional temporary borrowing pursuant to  
38 section 3-16 of the general statutes.

39 (d) All such notes shall be general obligations of the state and the  
40 full faith and credit of the state of Connecticut are pledged for the  
41 payment of the principal of and interest on said notes as the same shall  
42 become due, and accordingly and as part of the contract of the state  
43 with the holders of said notes, appropriation of all amounts necessary  
44 for punctual payment of such principal and interest is hereby made,  
45 and the Treasurer shall pay such principal and interest as the same

46 become due. All such notes shall be sold at not less than par and  
47 accrued interest in such manner and on such terms as the Treasurer  
48 may determine, in the best interest of the state, and shall be signed in  
49 the name of the state and on its behalf by the Treasurer. All such notes  
50 shall mature no later than five years after the date of issuance, in such  
51 principal amounts and at such times, bear such date or dates, be  
52 payable at such place or places, bear interest at such rate or different or  
53 varying rates, payable at such time or times, be in such denominations,  
54 be in such form with or without interest coupons attached, carry such  
55 registration and transfer privileges, be payable in such medium of  
56 payment, be subject to such terms of redemption with or without  
57 premium and have such additional security, covenant or contract  
58 provisions, including credit facilities which may include a letter of  
59 credit or insurance policy from a commercial bank or insurance  
60 company authorized to do business within or without the state, and  
61 the necessary or appropriate provisions to ensure the exclusion of  
62 interest on the notes from taxation under the Internal Revenue Code of  
63 1986, or any subsequent corresponding internal revenue code of the  
64 United States, as from time to time amended, as appropriate or  
65 necessary to improve their marketability, as the Treasurer shall  
66 determine prior to their issuance. Such notes shall be issued with only  
67 interest payable in the state fiscal year of issuance. In connection with  
68 any such credit facility, the Treasurer may enter into any  
69 reimbursement agreements, remarketing agreements, standby  
70 purchase agreements or any other necessary or appropriate  
71 agreements securing or insuring such notes, on such terms and  
72 conditions as the Treasurer determines to be in the best interest of the  
73 state. In the event the credit facility is drawn upon to pay the principal  
74 of or interest on such notes, the full faith and credit of the state is  
75 pledged to the repayment of the amount so drawn and the Treasurer is  
76 authorized to include such pledge in any such agreement as part of the  
77 contract with the provider of such credit facility. The Treasurer shall  
78 apply any appropriation for the payment of such notes to such  
79 reimbursement repayment if such credit facility is drawn upon. Any

80 expense incurred in connection with the initial issuance of the  
81 economic recovery notes shall be paid from the accrued interest and  
82 premiums or otherwise from the General Fund. All such notes, their  
83 transfer and the income therefrom, including any profit on the sale or  
84 transfer thereof, shall at all times be exempt from all taxation by the  
85 state or under its authority except for estate or succession taxes but the  
86 interest on such notes shall be included in the computation of any  
87 excise or franchise tax and are hereby made and declared to be (1) legal  
88 investments for savings banks and trustees unless otherwise provided  
89 in the instrument creating the trust, (2) securities in which all public  
90 officers and bodies, all insurance companies and associations and  
91 persons carrying on an insurance business, all banks, bankers, trust  
92 companies, savings banks and savings associations, including savings  
93 and loan associations, building and loan associations, investment  
94 companies and persons carrying on a banking or investment business,  
95 all administrators, guardians, executors, trustees and other fiduciaries  
96 and all persons whatsoever who are or may be authorized to invest in  
97 notes of the state, may properly and legally invest funds including  
98 capital in their control or belonging to them, and (3) securities which  
99 may be deposited with and shall be received by all public officers and  
100 bodies for any purpose for which the deposit of notes of the state is or  
101 may be authorized.

102 (e) Notwithstanding any provision of law, for the purpose of  
103 determining at any time or times the position of the General Fund as of  
104 June 30, 2004, the Comptroller is authorized and directed to give effect  
105 to and to show the funding of the General Fund deficit as of June 30,  
106 2003, as certified and provided for in this section in an amount equal to  
107 the principal amount of the notes issued and deposited in the General  
108 Fund, provided the notes authorized in this section have been so  
109 issued prior to such time or times of determination, it being hereby  
110 declared to be the intent and purpose of this section to provide for the  
111 General Fund deficit as of June 30, 2003, by the funding thereof  
112 through the issuance of the notes.

113 (f) An amount equal to the amount certified by the Secretary of the  
114 Office of Policy and Management for retrospective reimbursements  
115 shall be credited to the State Administered General Assistance account  
116 in the Department of Social Services for the fiscal year ending June 30,  
117 2004. Such amount shall be available to the department to pay such  
118 retrospective reimbursement claims received during the fiscal year  
119 ending June 30, 2004.

120 Sec. 2. Subdivision (13) of subsection (a) of section 16-245e of the  
121 general statutes, as amended by section 45 of public at 03-6 of the June  
122 30 special session, is repealed and the following is substituted in lieu  
123 thereof (*Effective from passage*):

124 (13) "Transition property" means the property right created  
125 pursuant to this section and sections 16-245f to 16-245k, inclusive, as  
126 amended by this act, in respect of disbursements to the General Fund  
127 to sustain funding of conservation and load management and  
128 renewable energy investment programs or those stranded costs that  
129 are eligible to be funded with the proceeds of rate reduction bonds  
130 pursuant to section 16-245f, as amended by this act, including, without  
131 limitation, the right, title, and interest of an electric company or electric  
132 distribution company or its transferee or the financing entity (A) in  
133 and to the rates and charges established pursuant to a financing order,  
134 as adjusted from time to time in accordance with subdivision (2) of  
135 subsection (b) of section 16-245i, as amended by this act, and the  
136 financing order, (B) to be paid the amount that is determined in a  
137 financing order to be the amount that the electric company or electric  
138 distribution company or its transferee or the financing entity is  
139 lawfully entitled to receive pursuant to the provisions of this section  
140 and sections 16-245f to 16-245k, inclusive, as amended by this act, and  
141 the proceeds thereof, and in and to all revenues, collections, claims,  
142 payments, money, or proceeds of or arising from the rates and charges  
143 or constituting the competitive transition assessment that is the subject  
144 of a financing order including those non-bypassable rates and other  
145 charges referred to in subdivision (2) of this subsection, and (C) in and

146 to all rights to obtain adjustments to the rates and charges pursuant to  
 147 the terms of subdivision (2) of subsection (b) of section 16-245i, as  
 148 amended by this act, and the financing order. "Transition property"  
 149 shall constitute a current property right notwithstanding the fact that  
 150 the value of the property right will depend on consumers using  
 151 electricity or, in those instances where consumers are customers of a  
 152 particular electric company or electric distribution company, the  
 153 electric company or electric distribution company performing certain  
 154 services.

155 Sec. 3. Section 16-245f of the general statutes, as amended by section  
 156 46 of public act 03-6 of the June 30 special session, is repealed and the  
 157 following is substituted in lieu thereof (*Effective from passage*):

158 An electric company or electric distribution company [may] shall  
 159 submit to the department an application for a financing order with  
 160 respect to any proposal to sustain funding of conservation and load  
 161 management and renewable energy investment programs by  
 162 substituting disbursements to the General Fund from proceeds of rate  
 163 reduction bonds for such disbursements from the Energy Conservation  
 164 and Load Management Fund established by section 16-245m, as  
 165 amended by this act, and from the Renewable Energy Investment  
 166 Fund established by section 16-245n, as amended by this act, and may  
 167 submit to the department an application for a financing order and with  
 168 respect to the following stranded costs: (1) The cost of mitigation  
 169 efforts, as calculated pursuant to subsection (c) of section 16-245e; (2)  
 170 generation-related regulatory assets, as calculated pursuant to  
 171 subsection (e) of section 16-245e, as amended by this act; and (3) those  
 172 long-term contract costs that have been reduced to a fixed present  
 173 value through the buyout, buydown, or renegotiation of such  
 174 contracts, as calculated pursuant to subsection (f) of section 16-245e.  
 175 No stranded costs shall be funded with the proceeds of rate reduction  
 176 bonds unless (A) the electric company or electric distribution company  
 177 proves to the satisfaction of the department that the savings  
 178 attributable to such funding will be directly passed on to customers

179 through lower rates, and (B) the department determines such funding  
180 will not result in giving the electric distribution company or any  
181 generation entities or affiliates an unfair competitive advantage. The  
182 department shall hold a hearing for each such electric distribution  
183 company to determine the amount of disbursements to the General  
184 Fund from proceeds of rate reduction bonds that may be substituted  
185 for such disbursements from the Energy Conservation and Load  
186 Management Fund established by section 16-245m, as amended by this  
187 act, and from the Renewable Energy Investment Fund established by  
188 section 16-245n, as amended by this act, and thereby constitute  
189 transition property and the portion of stranded costs that may be  
190 included in such funding and thereby constitute transition property.  
191 Any hearing shall be conducted as a contested case in accordance with  
192 chapter 54, except that any hearing with respect to a financing order or  
193 other order to sustain funding for conservation and load management  
194 and renewable energy investment programs by substituting the  
195 disbursement to the General Fund from the Energy Conservation and  
196 Load Management Fund established by section 16-245m, as amended  
197 by this act, and from the Renewable Energy Investment Fund  
198 established by section 16-245n, as amended by this act, shall not be a  
199 contested case, as defined in section 4-166. The department shall not  
200 include any rate reduction bonds as debt of an electric distribution  
201 company in determining the capital structure of the company in a rate-  
202 making proceeding, for calculating the company's return on equity or  
203 in any manner that would impact the electric distribution company for  
204 rate-making purposes, and shall not approve such rate reduction  
205 bonds that include covenants that have provisions prohibiting any  
206 change to their appointment of an administrator of the Conservation  
207 and Load Management Fund or the authorization of continuation of  
208 disbursements pursuant to section 20 of public act 03-2. Nothing in this  
209 subsection shall be deemed to affect the terms of subsection (b) of  
210 section 16-245m, as amended by this act.

211 Sec. 4. Subsection (a) of section 15-246g of the general statutes is  
212 repealed and the following is substituted in lieu thereof (*Effective from*

213 *passage*):

214 (a) The Department of Public Utility Control shall assess and  
 215 beginning January 1, 2000, impose the competitive transition  
 216 assessment which shall be imposed on all customers of each electric  
 217 distribution company to provide funds for the purposes described in  
 218 subsection (d) of this section. The department shall hold a hearing that  
 219 shall be conducted as a contested case in accordance with chapter 54,  
 220 except as otherwise provided in section 16-245f, as amended by this  
 221 act, to determine the amount of the competitive transition assessment.

222 Sec. 5. Subsection (a) of section 16-245h of the general statutes is  
 223 repealed and the following is substituted in lieu thereof (*Effective from*  
 224 *passage*):

225 (a) The competitive transition assessment described in  
 226 subparagraph (A) of subdivision (2) of subsection (a) of section 16-245e  
 227 shall constitute transition property when, and to the extent that, a  
 228 financing order authorizing such portion of the competitive transition  
 229 assessment has become effective in accordance with sections 16-245e to  
 230 16-245k, inclusive, and the transition property shall thereafter  
 231 continuously exist as property for all purposes with all of the rights  
 232 and privileges of sections 16-245e to 16-245k, inclusive, for the period  
 233 and to the extent provided in the financing order, but in any event  
 234 until the rate reduction bonds are paid in full, including all principal,  
 235 interest, premium, costs, and arrearages on such bonds. Prior to its sale  
 236 or other transfer by the electric company or electric distribution  
 237 company pursuant to sections 16-245e to 16-245k, inclusive, transition  
 238 property, other than transition property described in this subsection,  
 239 shall be a vested contract right of the electric company or electric  
 240 distribution company, notwithstanding any contrary treatment thereof  
 241 for accounting, tax, or other purpose. Transition property in respect of  
 242 disbursements to the General Fund to sustain funding of conservation  
 243 and load management and renewable investment programs shall  
 244 immediately upon its creation vest solely in the financing entity. The



245 electric company or electric distribution company shall have no right,  
246 title or interest in transition property in respect of disbursements to the  
247 General Fund to sustain funding of conservation and load  
248 management and renewable investment programs, and in respect of  
249 such transition property shall be only a collection action agent on  
250 behalf of the financing entity

251       Sec. 6. Section 16-245j of the general statutes is amended by adding  
252 subsection (e) as follows (*Effective from passage*):

253       (NEW) (e) When the state is the authorized financing entity, the  
254 Treasurer: (1) May enter into a trust indenture for the benefit of  
255 holders of the rate reduction bonds with a corporate trustee, which  
256 may be any trust company or commercial bank qualified to do  
257 business within or without the state; such trust indenture shall be  
258 consistent with the financing order and may contain such other  
259 provisions as may be appropriate including those regulating the  
260 investment of funds and the remedies of bondholders; (2) may make  
261 representations and agreements for the benefit of the holders of rate  
262 reduction bonds to make secondary market disclosures; (3) may enter  
263 into interest rate swap agreements and other agreements for the  
264 purpose of moderating interest rate risk on rate reduction bonds as  
265 permitted elsewhere within sections 16-245e to 16-245k, inclusive,  
266 provided the obligations under such agreements are payable from the  
267 transition property; (4) may enter into such other agreements and  
268 instruments to secure the rate reduction bonds as provided in sections  
269 16-245f to 16-245k, inclusive; and (5) may take such other actions as  
270 necessary or appropriate for the issuance and distribution of the rate  
271 reduction bonds pursuant to the financing order and the Secretary of  
272 the Office of Policy and Management may make representations and  
273 agreements for the benefit of the holders of the rate reduction bonds  
274 which are necessary or appropriate to ensure exclusion of the interest  
275 payable on the rate reduction bonds from gross income under the  
276 Internal Revenue Code of 1986, or any subsequent corresponding  
277 internal revenue code of the United States, as from time to time

278 amended.

279 Sec. 7. Section 16-245k of the general statutes is repealed and the  
280 following is substituted in lieu thereof (*Effective from passage*):

281 (a) A security interest in transition property is valid, is enforceable  
282 against the pledgor and third parties, subject to the rights of any third  
283 parties holding security interests in the transition property perfected in  
284 the manner described in this section, and attaches when all of the  
285 following have taken place:

286 (1) The department has issued the financing order authorizing the  
287 competitive transition assessment included in the transition property.

288 (2) Value has been given by the pledgees of the transition property.

289 (3) The pledgor has signed a security agreement covering the  
290 transition property.

291 (b) A valid and enforceable security interest in transition property is  
292 perfected when it has attached and when a financing statement has  
293 been filed in accordance with part 5 of article 9 of title 42a naming the  
294 pledgor of the transition property as "debtor" and identifying the  
295 transition property. Any description of the transition property shall be  
296 sufficient if it refers to the financing order creating the transition  
297 property. In each case, the financing statement shall be filed as if the  
298 debtor were located in this state. A copy of the financing statement  
299 shall be filed with the department by the electric company or electric  
300 distribution company or the financing entity that is the pledgor or  
301 transferor of the transition property, and the department may require  
302 the electric company or electric distribution company to make other  
303 filings with respect to the security interest in accordance with  
304 procedures it may establish, provided that the filings shall not affect  
305 the perfection of the security interest.

306 (c) A perfected security interest in transition property is a  
307 continuously perfected security interest in all revenues and proceeds

308 arising with respect thereto, whether or not the revenues or proceeds  
309 have accrued. Conflicting security interests shall rank according to  
310 priority in time of perfection. Transition property shall constitute  
311 property for all purposes, including for contracts securing rate  
312 reduction bonds, whether or not the revenues and proceeds arising  
313 with respect thereto have accrued.

314 (d) Subject to the terms of the security agreement covering the  
315 transition property and the rights of any third parties holding security  
316 interests in the transition property perfected in the manner described  
317 in this section, the validity and relative priority of a security interest  
318 created under this section are not defeated or adversely affected by the  
319 commingling of revenues arising with respect to the transition  
320 property with other funds of the electric company or electric  
321 distribution company that is the pledgor or transferor of, or the  
322 collection agent with respect to, the transition property, or by any  
323 security interest in a deposit account of that electric company or  
324 electric distribution company into which the revenues are deposited or  
325 in such revenues themselves perfected under article 9 of title 42a or  
326 otherwise. Subject to the terms of the security agreement, the pledgees  
327 of the transition property shall have a perfected security interest in all  
328 cash and deposit accounts of the electric company or electric  
329 distribution company in which revenues arising with respect to the  
330 transition property have been commingled with other funds, but the  
331 perfected security interest shall be limited to an amount not greater  
332 than the amount of the revenues with respect to the transition property  
333 received by the electric company or electric distribution company  
334 within twelve months before (1) any default under the security  
335 agreement, or (2) the institution of insolvency proceedings by or  
336 against the electric company or electric distribution company, less  
337 payments from the revenues to the pledgees during that twelve-month  
338 period.

339 (e) If an event of default occurs under the security agreement  
340 covering the transition property, the pledgees of the transition

341 property, subject to the terms of the security agreement, shall have all  
342 rights and remedies of a secured party upon default under article 9 of  
343 title 42a, and shall be entitled to foreclose or otherwise enforce their  
344 security interest in the transition property, subject to the rights of any  
345 third parties holding prior security interests in the transition property  
346 perfected in the manner provided in this section. In addition, the  
347 department may require, in the financing order creating the transition  
348 property, that, in the event of default by the electric company or  
349 electric distribution company in payment of revenues arising with  
350 respect to the transition property, the department and any successor  
351 thereto, upon the application by the pledgees or transferees, including  
352 transferees under this section, of the transition property, and without  
353 limiting any other remedies available to the pledgees or transferees by  
354 reason of the default, shall order the sequestration and payment to the  
355 pledgees or transferees of revenues arising with respect to the  
356 transition property. Any order shall remain in full force and effect  
357 notwithstanding any bankruptcy, reorganization, or other insolvency  
358 proceedings with respect to the debtor, pledgor, or transferor of the  
359 transition property. Any surplus in excess of amounts necessary to pay  
360 principal, premium, if any, interest, costs, and arrearages on the rate  
361 reduction bonds, and other costs arising under the security agreement,  
362 shall be remitted to the debtor or to the pledgor or transferor.

363 (f) Sections 42a-9-204 and 42a-9-205 shall apply to a pledge of  
364 transition property by an electric company or electric distribution  
365 company, an affiliate of an electric company or electric distribution  
366 company, or a financing entity.

367 (g) This section sets forth the terms by which a consensual security  
368 interest can be created and perfected in the transition property. Unless  
369 otherwise ordered by the department with respect to any series of rate  
370 reduction bonds on or prior to the issuance of the series, there shall  
371 exist a statutory lien as provided in this subsection. Upon the effective  
372 date of the financing order, there shall exist a first priority lien on all  
373 transition property then existing or thereafter arising pursuant to the

374 terms of the financing order. This lien shall arise by operation of this  
375 section automatically without any action on the part of the electric  
376 company or electric distribution company, any affiliate thereof, the  
377 financing entity, or any other person. This lien shall secure all  
378 obligations, then existing or subsequently arising, to the holders of the  
379 rate reduction bonds issued pursuant to the financing order, the  
380 trustee or representative for the holders, and any other entity specified  
381 in the financing order. The persons for whose benefit this lien is  
382 established shall, upon the occurrence of any defaults specified in the  
383 financing order, have all rights and remedies of a secured party upon  
384 default under article 9 of title 42a, and shall be entitled to foreclose or  
385 otherwise enforce this statutory lien in the transition property. This  
386 lien shall attach to the transition property regardless of who shall own,  
387 or shall subsequently be determined to own, the transition property  
388 including any electric company or electric distribution company, any  
389 affiliate thereof, the financing entity, or any other person. This lien  
390 shall be valid, perfected, and enforceable against the owner of the  
391 transition property and all third parties upon the effectiveness of the  
392 financing order without any further public notice; provided, however,  
393 that any person may, but shall not be required to, file a financing  
394 statement in accordance with subsection (b) of this section. Financing  
395 statements so filed may be "protective filings" and shall not be  
396 evidence of the ownership of the transition property. A perfected  
397 statutory lien in transition property is a continuously perfected lien in  
398 all revenues and proceeds arising with respect thereto, whether or not  
399 the revenues or proceeds have accrued. Conflicting liens shall rank  
400 according to priority in time of perfection. Transition property shall  
401 constitute property for all purposes, including for contracts securing  
402 rate reduction bonds, whether or not the revenues and proceeds  
403 arising with respect thereto have accrued. In addition, the department  
404 may require, in the financing order creating the transition property,  
405 that, in the event of default by the electric company or electric  
406 distribution company in payment of revenues arising with respect to  
407 transition property, the department and any successor thereto, upon

408 the application by the beneficiaries of the statutory lien, and without  
409 limiting any other remedies available to the beneficiaries by reason of  
410 the default, shall order the sequestration and payment to the  
411 beneficiaries of revenues arising with respect to the transition  
412 property. Any order shall remain in full force and effect  
413 notwithstanding any bankruptcy, reorganization, or other insolvency  
414 proceedings with respect to the debtor, pledgor, or transferor of the  
415 transition property. Any surplus in excess of amounts necessary to pay  
416 principal, premium, if any, interest, costs, and arrearages on the rate  
417 reduction bonds, and other costs arising in connection with the  
418 documents governing the rate reduction bonds, shall be remitted to the  
419 debtor or to the pledgor or transferor.

420 (h) A transfer of transition property by an electric company or  
421 electric distribution company to an affiliate or to a financing entity, or  
422 by an affiliate of an electric company or electric distribution company  
423 or a financing entity to another financing entity, which the parties have  
424 in the governing documentation expressly stated to be a sale or other  
425 absolute transfer, in a transaction approved in a financing order, shall  
426 be treated as an absolute transfer of all of the transferor's right, title,  
427 and interest, as in a true sale, and not as a pledge or other financing, of  
428 the transition property, in each case notwithstanding any contrary  
429 treatment of such transfer for accounting, tax, or other purposes.  
430 Granting to holders of rate reduction bonds a preferred right to  
431 revenues of the electric company or electric distribution company or  
432 the financing entity, or the provision by the company of other credit  
433 enhancement with respect to rate reduction bonds, shall not impair or  
434 negate the characterization of any transfer as a true sale, in each case  
435 notwithstanding any contrary treatment of such transfer for  
436 accounting, tax or other purposes.

437 (i) A transfer of transition property shall be deemed perfected as  
438 against third persons when both of the following have taken place:

439 (1) The department has issued the financing order authorizing the

440 competitive transition assessment included in the transition property.

441 (2) An assignment of the transition property in writing has been  
442 executed and delivered to the transferee.

443 (j) As between bona fide assignees of the same right for value  
444 without notice, the assignee first filing a financing statement in  
445 accordance with part 5 of article 9 of title 42a naming the assignor of  
446 the transition property as debtor and identifying the transition  
447 property has priority. In each such case, the financing statement shall  
448 be filed as if the debtor were located in this state. Any description of  
449 the transition property shall be sufficient if it refers to the financing  
450 order creating the transition property. A copy of the financing  
451 statement shall be filed by the assignee or the financing entity with the  
452 department, and the department may require the assignor or the  
453 assignee or the financing entity to make other filings with respect to  
454 the transfer in accordance with procedures it may establish, but these  
455 filings shall not affect the perfection of the transfer.

456 (k) Any successor to the electric company or electric distribution  
457 company, whether pursuant to any bankruptcy, reorganization, or  
458 other insolvency proceeding, or pursuant to any merger, sale, or  
459 transfer, by operation of law, or otherwise, shall perform and satisfy all  
460 obligations of the electric company or electric distribution company  
461 pursuant to sections 16-245e to 16-245k, inclusive, in the same manner  
462 and to the same extent as the electric company or electric distribution  
463 company, including, but not limited to, collecting and paying to the  
464 holders of rate reduction bonds or their representatives or the  
465 applicable financing entity revenues arising with respect to the  
466 transition property sold to the applicable financing entity or pledged  
467 to secure rate reduction bonds.

468 (l) The authority of the department to issue financing orders  
469 pursuant to sections 16-245e to 16-245k, inclusive, shall expire on  
470 December 31, 2008. The expiration of the authority shall have no effect  
471 upon financing orders adopted by the department pursuant to sections

472 16-245e to 16-245k, inclusive, or any transition property arising  
473 therefrom, or upon the charges authorized to be levied thereunder, or  
474 the rights, interests, and obligations of the electric company or electric  
475 distribution company or a financing entity or holders of rate reduction  
476 bonds pursuant to the financing order, or the authority of the  
477 department to monitor, supervise, or take further action with respect  
478 to the financing order in accordance with the terms of sections 16-245e  
479 to 16-245k, inclusive, and of the financing order.

480 Sec. 8. Section 13a-252 of the general statutes, as amended by section  
481 40 of public act 03-3 of the June 30 special session, is repealed and the  
482 following is substituted in lieu thereof (*Effective from passage*):

483 (a) The ferries crossing the Connecticut River, known as the Rocky  
484 Hill ferry and the Chester and Hadlyme ferry, shall be maintained and  
485 operated by the Commissioner of Transportation at the expense of the  
486 state. The rates of toll or the charges to be made for travel upon said  
487 ferries shall be fixed by the commissioner with the approval of the  
488 Secretary of the Office of Policy and Management, except that, after the  
489 effective date of this section, the rate of toll or charge shall be (1) for a  
490 motor vehicle and operator five dollars, (2) for each additional  
491 passenger one dollar and seventy-five cents, and (3) for each walk-on  
492 and bicycle one dollar and seventy-five cents. The commissioner may  
493 establish a discounted commuter rate for travel upon said ferries.

494 (b) All expense of maintenance, repairs and operation of said ferries  
495 shall be paid by the Comptroller on vouchers of the commissioner. The  
496 commissioner shall include in his report to the General Assembly a  
497 report of the receipts and expenditures incidental to the control and  
498 maintenance of said ferries. Said Rocky Hill ferry shall be maintained  
499 as a state historic structure and shall be so marked with an appropriate  
500 plaque by the commissioner in cooperation with the Connecticut  
501 Historical Commission.

502 Sec. 9. (NEW) (*Effective from passage*) Notwithstanding the provisions  
503 of section 16-245m of the general statutes, the Department of Public



504 Utility Control shall authorize the disbursement of a total of one  
505 million dollars in each month, commencing with July, 2003, and  
506 ending with July, 2005, from the Energy Conservation and Load  
507 Management Funds established pursuant to said section 16-245m. The  
508 amount disbursed from each Energy Conservation and Load  
509 Management Fund shall be proportionately based on the receipts  
510 received by each fund. Such disbursements shall be deposited in the  
511 General Fund.

512       Sec. 10. (*Effective from passage*) Notwithstanding any provision of the  
513 general statutes, any municipality having a population between ten  
514 thousand and fifteen thousand, as enumerated in the 2000 federal  
515 decennial census, and which owns Class II watershed land purchased  
516 on or after August, 1999, which land was formerly used for  
517 agricultural purposes and which is not needed for water supply  
518 purposes, shall not be considered a water company for purposes of  
519 titles 16 and 25 of the general statutes and may use such land for the  
520 construction and operation of a sports field subject to the following  
521 conditions: (1) The sports field shall be owned by the municipality; (2)  
522 best management practices, as recommended from time to time by the  
523 Department of Environmental Protection, shall be used in the  
524 operation of the sports field; and (3) the manager of the sports field  
525 shall file an annual report with any water company drawing water  
526 from the watershed, the Department of Environmental Protection and  
527 the municipality describing the best management practices used in the  
528 operation of the sports field. Such report shall be made available to the  
529 public.

530       Sec. 11. (NEW) (*Effective from passage*) On and after August 20, 2003,  
531 the Commissioner of Social Services may impose cost sharing  
532 requirements on recipients of medical assistance, including a  
533 deductible, coinsurance or similar charge up to the maximum  
534 permitted under 42 CFR 447. 54. The Commissioner of Social Services  
535 shall impose cost sharing requirements on recipients of medical  
536 assistance, as follows: (1) A one dollar copayment for each outpatient

537 medical service delivered by an enrolled Medicaid provider to a  
538 medical assistance recipient as permitted under federal law, and (2) a  
539 one dollar copayment for each drug prescription at the time the  
540 prescription is filled. On and after October 1, 2003, the copayment for  
541 prescription drugs shall be one dollar and fifty cents per prescription  
542 and the copayment for outpatient medical services shall not exceed  
543 three dollars per service in accordance with 42 CFR 447.54. To the  
544 degree permitted under federal law, the commissioner may make  
545 modifications to the prescription cost sharing requirements imposed  
546 pursuant to this section for certain individuals who have drugs  
547 dispensed in less than a thirty-day supply and may exempt residents  
548 in certain institutional settings from such requirements. Such cost  
549 sharing requirements shall be implemented in accordance with the  
550 conditions specified in federal regulations.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>
Sec. 9	<i>from passage</i>
Sec. 10	<i>from passage</i>
Sec. 11	<i>from passage</i>